

**COMPARISON OF PROVISIONS IN H.R. 2488,
AS PASSED BY THE HOUSE AND THE SENATE**

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of the

JOINT COMMITTEE ON TAXATION

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CONTENTS

[Page numbers in contents won't necessarily reflect actual page numbers in this PDF file]

| | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| IDENTICAL PROVISIONS | 2 |
| SIMILAR PROVISIONS | 7 |
| COMPARISON OF PRINCIPAL DIFFERENCES IN PROVISIONS IN H.R. 2488, AS PASSED BY THE HOUSE AND THE SENATE | 12 |
| I. BROAD-BASED AND FAMILY TAX RELIEF | 12 |
| A. Broad-Based Tax Relief (sec. 101 of the House bill and secs. 101-102 of the Senate amendment) | 12 |
| B. Marriage Penalty Relief (sec. 111 of the House bill and sec. 201 of the Senate amendment) | 12 |
| C. Marriage Penalty Relief for the Earned Income Credit (sec. 202 of the Senate amendment) | 13 |
| D. Individual AMT Provisions (secs. 121 and 302(b) of the House bill and secs. 206, 907, and 1139 of the Senate amendment) | 13 |
| E. Increase and Expand the Dependent Care Tax Credit (sec. 204 of the Senate amendment) | 13 |
| F. Tax Credit for Employer-Provided Child Care Facilities (sec. 205 of the Senate amendment) | 13 |

| | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| G. Expansion of Adoption Credit (sec. 210 of the Senate amendment) | 13 |
| II. SAVINGS AND INVESTMENT TAX RELIEF | 14 |
| A. Partial Exclusion for Interest and Dividends (sec. 201 of the House bill) . . . | 14 |
| B. Individual Capital Gains (sec. 202 of the House bill and sec. 207 of the Senate amendment) | 14 |
| C. Capital Gains of Designated Settlement Funds (sec. 203 of the House bill) . . | 14 |
| D. Suspend Five-Year Period for Exclusion of Gain on the Sale of a Principal Residence by a Member of Uniformed Service or the Foreign Service (sec. 204 of the House bill) | 14 |
| E. Suspend Five-Year Period for Exclusion of Gain on Sale of Principal Residence for Employees Sent Overseas by Employer (sec. 204 of the House bill) | 14 |
| F. Treatment of Loss on Worthless Stock of Subsidiary (sec. 206 of the House bill) | 15 |
| G. Individual Retirement Arrangements (sec. 113 of the House bill and secs. 301-305 of the Senate amendment) | 15 |
| H. Creation of Individual Development Accounts (sec. 303 of the Senate amendment) | 16 |
| III. BUSINESS INVESTMENT AND JOB CREATION | 16 |

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|
| A. Corporate Capital Gains (sec. 301 of the House bill) | 16 |
| B. Corporate Alternative Minimum Tax (sec. 302 of the House bill and secs. 907 and 1103 of the Senate amendment) | 16 |
| IV. EDUCATION TAX RELIEF | 17 |
| A. Expand Education Savings Accounts (sec. 401 of the House bill) | 17 |
| B. Qualified State Tuition Plans (“QSTPs”) (sec. 402 of the House bill and the Senate amendment) | 17 |
| C. Employer-Provided Educational Assistance (sec. 404 of the Senate amendment) | 17 |
| D. Liberalize Construction Bond Expenditure Rule for Governmental Public School Bonds (sec. 405 of the House bill) | 17 |
| E. Allow Issuance of Tax-Exempt Private Activity Bonds for Public Schools (sec. 406 of the Senate amendment) | 18 |
| F. Permit Limited Guarantees of Public School Construction Bonds by Federal Home Loan Banks (sec. 407 of the Senate amendment) | 18 |
| G. Expansion of Deduction for Computer Donations to Schools (sec. 1124 of the Senate amendment) | 18 |
| H. Credit for Computer Donations to Schools and Senior Centers (sec. 1125 of the Senate amendment) | 18 |

| | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------|-------------|
| I. Credit for Interest on Higher Education Loans (sec. 208 of the Senate amendment) | 19 |
| J. Scholarships for Children of Employees (sec. 408 of the Senate amendment) | 19 |
| K. Two-Percent Floor Not To Apply to Professional Development Expenses of Teachers (sec. 1123 of the Senate amendment) | 19 |
| V. HEALTH CARE TAX RELIEF PROVISIONS | 20 |
| A. Medical Savings Accounts (sec. 503 of the House bill) | 20 |
| B. Expand Human Clinical Trials Expenses Qualifying for the Orphan Drug Tax Credit (sec. 505 of the House bill) | 20 |
| C. Deduction for Prescription Drug Insurance (sec. 507 of the House bill) | 20 |
| D. Credit for Employee Health Insurance Expenses of Small Employers (sec. 609 of the Senate amendment) | 20 |
| VI. ESTATE AND GIFT TAX RELIEF PROVISIONS | 21 |
| A. Convert Unified Credit into Unified Exemption (sec. 621 of the House bill and sec. 702 of the Senate amendment) | 21 |
| B. Reduce Estate, Gift, and Generation-Skipping Tax Rates (sec. 611 of the House bill and sec. 701 of the Senate amendment) | 21 |

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------------|-------------|
| C. Increase Unified Exemption (sec. 702 of the Senate amendment) | 21 |
| D. Expand Estate Tax Rule for Conservation Easements (sec. 711 of the Senate amendment) | 21 |
| E. Increase Gift Tax Annual Exclusion (sec. 721 of the Senate amendment) | 22 |
| F. Increase Maximum Family-Owned Business Deduction (sec. 608 of the Senate amendment) | 22 |
| VII. DISTRESSED COMMUNITIES AND INDUSTRIES PROVISIONS | 22 |
| A. Renewal Community Provisions (secs. 701-706 of the House bill) | 22 |
| B. Provide That Federal Production Payments to Farmers Are Taxable in Year Received (sec. 711 of the House bill) | 22 |
| C. Temporary Extension of Suspension of Taxable Income Limit on Percentage Depletion (sec. 724 of the House bill) | 22 |
| D. Determination of Small Refiner Exception to Oil Depletion Deduction (sec. 725 of the House bill) | 23 |
| E. Minimum Tax Relief for the Steel Industry (sec. 741 of the House bill) | 23 |
| VIII. SMALL BUSINESS TAX RELIEF PROVISIONS | 23 |
| A. Farmer and Fishermen Income Averaging (sec. 604 of the Senate amendment) | 23 |

| | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| B. Farm, Fish, and Ranch Risk Management (“FFARRM”) Accounts (sec. 605 of the Senate amendment) | 23 |
| C. S Corporation Banks (sec. 606 of the Senate amendment) | 23 |
| IX. INTERNATIONAL TAX RELIEF PROVISIONS | 24 |
| A. Allocate Interest Expense on Worldwide Basis (sec. 901 of the House bill and the Senate amendment) | 24 |
| B. Recharacterization of Overall Domestic Loss (sec. 905 of the House bill) .. | 24 |
| C. Modify Treatment of RIC Dividends Paid to Foreign Persons (sec. 907 of the House bill) | 24 |
| D. Repeal of Special Rules for Applying Foreign Tax Credit in Case of Foreign Oil And Gas Income (sec. 908 of the House bill) | 24 |
| E. Study of Proper Treatment of European Union under Subpart F Same Country Exceptions (sec. 909 of the House bill) | 24 |
| F. Provide Waiver From Denial of Foreign Tax Credits (sec. 910 of the House bill) | 24 |
| G. Increase Dollar Limitation on Section 911 Exclusion (sec. 912 of the House bill) | 25 |
| H. Exempt Certain Sales of Frequent-Flyer and Similar Reduced-Fare Air Transportation Rights From Aviation Excise Taxes (sec. 906 of the Senate | |

| | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| amendment) | 25 |
| X. TAX-EXEMPT ORGANIZATION PROVISIONS | 25 |
| A. Conform Provisions Relating to Arbitrage Treatment to Reflect Proposed State Constitutional Amendments (sec. 1002 of the House bill) | 25 |
| B. Authorize Treasury to Grant Waivers from Section 4941 Self-Dealing Prohibitions (sec. 1004 of the House bill) | 25 |
| C. Extend Declaratory Judgment Procedures to Non-501(c)(3) Tax-Exempt Organizations (sec. 1005 of the House bill) | 25 |
| D. Simplify Lobbying Expenditure Limitations (sec. 803 of the Senate amendment) | 25 |
| E. Tax-Free Withdrawals From IRAs for Charitable Purposes (sec. 804 of the Senate amendment) | 25 |
| F. Charitable Contribution Deduction for Certain Expenses in Support of Alaskan Subsistence Whaling (sec. 806 of the Senate amendment) | 26 |
| G. Charitable Giving Provisions (secs. 807-809 of the Senate amendment) | 26 |
| H. Modify Excess Business Holdings Rules for Publicly Traded Stock (sec. 810 of the Senate amendment) | 26 |
| I. Certain Costs of Private Foundation in Removing Hazardous Substances Treated as Qualifying Distribution (sec. 811 of the Senate amendment) | 26 |

| | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| XI. REAL ESTATE TAX RELIEF PROVISIONS | 27 |
| A. Modify At-Risk Rules for Publicly Traded Nonrecourse Debt (sec. 1161 of the House bill) | 27 |
| B. Qualified Lessee Construction Allowances Not Limited to Short-Term Leases for Certain Retailers (sec. 1171 of the House bill) | 27 |
| C. Exclusion From Gross Income for Certain Contributions to the Capital of Certain Retailers (sec. 1172 of the House bill) | 27 |
| D. Increase in Low-Income Housing Tax Credit (secs. 1331-1337 of the House bill and sec. 1001 of the Senate amendment) | 27 |
| E. Tax Credit for Renovating Historic Homes (sec. 1011 of the Senate amendment) | 27 |
| F. Treatment of Leasehold Improvements (sec. 1091 of the Senate amendment) | 28 |
| XII. PENSION REFORM PROVISIONS | 28 |
| A. Expanding Coverage | 28 |
| 1. Increase contribution and benefit limits (sec. 1201 of the House bill and sec. 312 of the Senate amendment) | 28 |
| 2. SAFE annuities and trusts (sec. 318 of the Senate amendment) | 28 |

| | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| B. Enhancing Fairness for Women | 29 |
| 1. Catch-up contributions (sec. 1221 of the House bill and sec. 321 of the Senate amendment) | 29 |
| 2. Minimum distribution rules (secs. 1224 and 1239 of the House bill) | 29 |
| E. Reducing Regulatory Burdens | 29 |
| 1. Nondiscrimination provisions (secs. 1251 and 1253 of the House bill and secs. 361 and 368 of the Senate amendment) | 29 |
| 2. Treatment of multiemployer plans under section 415 (sec. 1263 of the House bill and sec. 346 of the Senate amendment) | 30 |
| 3. Increase section 415 early retirement limit for governmental, multi-employer, and certain other plans (sec. 348 of the Senate amendment) .. | 30 |
| XIII. MISCELLANEOUS PROVISIONS | 30 |
| A. Expand Employer Reporting on Annual Wage and Tax Statements (sec. 1303 of the House bill) | 30 |
| B. Survivor Benefits of Public Safety Officers Killed in the Line of Duty (sec. 1304 of the House bill) | 30 |
| C. Distributions From Publicly Traded Partnerships Treated as Qualifying Income of Regulated Investment Companies (secs. 1311-1312 of the House bill) | 30 |
| D. Equalize the Tax Treatment of “Clean Fuel” Vehicles and Oversized | |

| | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Vehicles (sec. 1313 of the House bill) | 31 |
| E. Nuclear Decommissioning (sec. 1314 of the House bill) | 31 |
| F. Consolidate Code Provisions Governing the Hazardous Substance Superfund and the Leaking Underground Storage Tank Trust Fund (sec. 1321 of the House bill) | 31 |
| G. Repeal Diesel Fuel Tax on Railroads and General Fund Tax on Inland Waterway Barge Fuel (sec. 1322 of the House bill and sec. 1101 of the Senate amendment) | 31 |
| H. Repeal Excise Tax on Tackle Boxes (sec. 1323 of the House bill) | 31 |
| I. Entrepreneurial Equity Capital Formation (“SSBICS”) (secs. 1341-1347 of the House bill) | 31 |
| J. Clarification of Depreciation Study (sec. 1354 of the House bill) | 31 |
| K. Tax Court Provisions (secs. 1361-1363 of the House bill) | 32 |
| L. Modify Distilled Spirits Tax Collection Rules (secs. 1371-1380 of the House bill) | 32 |
| M. Simplify the Active Trade or Business Requirement for Tax-Free Spin-Offs (sec. 1107 of the Senate amendment) | 32 |
| N. Expand Rural Airports Eligibility for Reduced Tax Rate (sec. 1111 of the Senate amendment) | 32 |

| | <u>Page</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| O. Dividends Paid by Cooperatives (sec. 1112 of the Senate amendment) | 32 |
| P. Modify Personal Holding Company “Lending or Finance Business” Exception (sec. 1113 of the Senate amendment) | 32 |
| Q. Tax Credit for Modifications to Inter-City Buses Required Under the Americans With Disabilities Act of 1990 (sec. 1115 of the Senate amendment) | 33 |
| R. Business Meals Deduction Provisions | 33 |
| 1. Restore 80-percent meals deduction (sec. 804 of the House bill) | 33 |
| 2. Increased deduction for business meals while operating under Department of Transportation hours of service limitations (sec. 1116 of the Senate amendment) | 33 |
| S. Allow Issuance of Tax-Exempt Private Activity Bonds for Highway Projects (sec. 1117 of the Senate amendment) | 33 |
| T. Provisions Relating to Tax Incentives for the District of Columbia | 33 |
| 1. Extend tax credit for first-time D.C. homebuyers (sec. 1118 of the Senate amendment) | 33 |
| 2. Expand the zero-percent capital gains rate for D.C. zone assets (sec. 1119 of the Senate amendment) | 33 |
| U. Establish a Seven-Year Recovery Period for Natural Gas Gathering Lines (sec. 1120 of the Senate amendment) | 34 |

| | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------------------------|-------------|
| V. Reclassify Scheduled Flights on Small Seaplanes as Noncommercial Aviation (sec. 1121 of the Senate amendment) | 34 |
| W. Additional Miscellaneous Provisions | 34 |
| 1. Exemption from Federal income tax for amounts received by Holocaust victims and heirs (sec. 1122 of the Senate amendment) | 34 |
| 2. Medical innovation tax credit (sec. 1137 of the Senate amendment) .. | 34 |
| 3. Capital gain holding period for horses (sec. 812 of the Senate amendment) | 34 |
| 4. Disclosure of tax return information for combined employment tax reporting (sec. 1131 of the Senate amendment) | 34 |
| 5. Tax rates for trusts with disabled beneficiary (sec. 211 of the Senate amendment) | 35 |
| 6. Taxation of flights on noncommercial aircraft (sec. 370 of the Senate amendment) | 35 |
| 7. Tax-exempt bonds for timber conservation organizations (sec. 1138 of the Senate amendment) | 35 |
| 8. Exclusion for certain severance payments (sec. 1135 of the Senate amendment) | 35 |
| 9. FUTA treatment of maple syrup workers (sec. 1132 of the Senate amendment) | 35 |
| XIV. EXPIRING TAX PROVISIONS | 36 |
| A. Extend and Modify Wind and Closed-Loop Biomass Electricity Credit (sec. 1205 of the Senate amendment) | 36 |
| B. Alaska Exemption From Diesel Dyeing (sec. 1206 of the Senate | |

| | <u>Page</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| amendment) | 36 |
| C. Expensing of Environmental Remediation Expenditures (sec. 1207 of the Senate amendment) | 36 |
| XV. REVENUE OFFSET PROVISIONS | 36 |
| A. Exclusion of Like-Kind Exchange Property from Nonrecognition Treatment on the Sale of a Principal Residence (sec. 1510 of the House bill) | 36 |
| B. Modify Foreign Tax Credit Carryover Rules (sec. 1301 of the Senate amendment) | 36 |
| C. Modify Estimated Tax Rules for Closely Held REITs (sec. 1316 of the Senate amendment) | 36 |
| D. Prohibited Allocations of Stock in an S Corporation ESOP (sec. 1317 of the Senate amendment) | 37 |
| E. Modify Anti-Abuse Rules Relating to Assumption of Liabilities (sec. 1318 of the Senate amendment) | 37 |
| F. Basis Allocation Rules for Intangibles in Certain Nonrecognition Transactions (sec. 1319 of the Senate amendment) | 37 |
| G. Modify Treatment of Closely Held REITs (sec. 1505 of the House bill and sec. 1320 of the Senate amendment) | 37 |
| H. Distributions by a Partnership to a Corporate Partner of Stock in Another | |

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------|-------------|
| Corporation (sec. 1321 of the Senate amendment) | 37 |
| XVI. TECHNICAL CORRECTIONS TO THE NATIONAL SUMMIT ON RETIREMENT SAVINGS | 37 |
| XVII. SENSE OF THE CONGRESS AND OTHER PROVISIONS | 37 |
| A. Sense of the Congress Regarding Empowerment Zones (sec. 1128 of the Senate amendment) | 38 |
| B. Sense of the Senate Regarding Savings Incentives (sec. 1127 of the Senate amendment) | 38 |
| C. Sense of the Congress Regarding Small Business Incentives (sec. 1129 of the Senate amendment) | 38 |
| D. Direct Expenditure Block Grant (sec. 1126 of the Senate amendment) | 38 |
| XVIII. COMMITMENT TO DEBT REDUCTION (sec. 1701 of the House bill) .. | 38 |
| XIX. CONTINGENCY FOR RATE REDUCTIONS (sec. 101 of the House bill) .. | 38 |
| XX. EXCLUSION FROM PAYGO SCORECARD (sec. 1801 of the House bill) | 39 |
| XXI. COMPLIANCE WITH CONGRESSIONAL BUDGET ACT (sec. 1501 of the Senate amendment) | 39 |

INTRODUCTION AND LEGISLATIVE BACKGROUND

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a comparison of the principal revenue provisions contained in H.R. 2488 as passed by the House and as amended by the Senate. The document also contains a list of the identical provisions, including effective dates, and a list of similar provisions.

H.R. 2488 (the "Financial Freedom Act of 1999") was passed by the House on July 22, 1999,² and the bill, as amended by the provisions of S. 1429 as amended by the Senate (the "Taxpayer Refund Act of 1999"),³ was passed by the Senate on July 30, 1999.

H.R. 2488 and S. 1429, respectively, were reported in response to the reconciliation instructions in the Budget Resolution for Fiscal Year 2000 (H. Con. Res. 68).

¹ This document may be cited as follows: Joint Committee on Taxation, *Comparison of Provisions in H.R. 2488, As Passed by The House And The Senate* (JCX-57-99), August 2, 1999.

² H.R. 2488 was reported by the House Committee on Ways and Means on July 16, 1999 (H. Rept. 106-238). H.R. 2488 was amended by a manager's amendment and was passed by the House, as amended, on July 22, 1999.

³ S. 1429 was reported by the Senate Committee on Finance on July 23, 1999 (S. Rept. 106-120). S. 1429, as amended by the Senate, was approved by the Senate on July 30, 1999, and the provisions were included as a Senate amendment to H.R. 2488 and sent to conference.

IDENTICAL PROVISIONS IN H.R. 2488, AS PASSED BY THE HOUSE AND THE SENATE

I. BROAD-BASED AND FAMILY TAX RELIEF

- C Expand the exclusion from income for certain foster care payments (sec. 1301 of the House bill and sec. 203 of the Senate amendment)
- C Allow nonrefundable personal credits against the individual AMT (sec. 121 of the House bill and sec. 206 of the Senate amendment)

IV. EDUCATION TAX RELIEF PROVISIONS

- C Increase school construction small issuer arbitrage rebate exception from \$10 million to \$15 million (sec. 404 of the House bill and sec. 405 of the Senate amendment)

V. HEALTH CARE TAX RELIEF PROVISIONS

- C Additional personal exemption for caretakers of elderly family members (sec. 504 of the House bill and sec. 503 of the Senate amendment)

VII. DISTRESSED COMMUNITIES AND INDUSTRIES PROVISIONS

- C Allow net operating losses from oil and gas properties to be carried back for up to five years (sec. 721 of the House bill and sec. 1104 of the Senate amendment)
- C Deduction for delay rental payments (sec. 722 of the House bill and sec. 1106 of the Senate amendment)
- C Election to expense geological and geophysical expenditures (sec. 723 of the House bill and sec. 1105 of the Senate amendment)
- C Capital gain treatment under section 631(b) to apply to outright sales by landowners (sec. 732 of the House bill and sec. 1136 of the Senate amendment (Senate floor amendment))

VIII. SMALL BUSINESS TAX RELIEF PROVISIONS

- C Increase section 179 expensing (sec. 802 of the House bill and sec. 602 of the Senate amendment)
- C Repeal of temporary Federal unemployment surtax (sec. 803 of the House bill and sec. 603 of the Senate amendment)

IX. INTERNATIONAL TAX RELIEF PROVISIONS

- C Prohibit disclosure of APAs and APA background files (sec. 911 of the House bill and sec. 905 of the Senate amendment)

X. TAX-EXEMPT ORGANIZATION PROVISIONS

- C Provide tax exemption for organizations created by a State to provide property and casualty insurance coverage for property for which such coverage is otherwise unavailable (sec. 1001 of the House bill and sec. 801 of the Senate amendment)
- C Modify section 512(b)(13) (sec. 1006 of the House bill and sec. 802 of the Senate amendment)
- C Provide exclusion for mileage reimbursements by charitable organizations (sec. 1302 of the House bill and sec. 805 of the Senate amendment)

XII. PENSION REFORM PROVISIONS

A. Expanding Coverage

- C Increase limitation on exclusion for elective deferrals (sec. 1201(d) of the House bill and sec. 312(a) of the Senate amendment)
- C Increase limitation on SIMPLE elective contributions (sec. 1201(f) of the House bill and sec. 312(c) of the Senate amendment)
- C Plan loans for subchapter S owners (sec. 1202 of the House bill and sec. 313 of the Senate amendment)
- C Elective deferrals not taken into account for deduction purposes (sec. 1204 of the House bill and sec. 314 of the Senate amendment)

C Option to treat elective deferrals as after-tax contributions (sec. 1208 of the House bill and sec. 311 of the Senate amendment)

B. Enhancing Fairness for Women

C Equitable treatment for contributions to defined contribution plans (sec. 1222 of the House bill and sec. 322 of the Senate amendment)

C Faster vesting for employer matching contributions (sec. 1223 of the House bill and sec. 325 of the Senate amendment)

C Clarification of tax treatment of section 457 plans upon divorce (sec. 1225 of the House bill and sec. 323 of the Senate amendment)

C. Increasing Portability

C Rollovers of retirement plan and IRA distributions (secs. 1231-1233 and 1239 of the House bill and secs. 331-333 and 339 of the Senate amendment)

C Waiver of 60-day rule (sec. 1234 of the House bill and sec. 334 of the Senate amendment)

C Treatment of forms of distribution (sec. 1235 of the House bill and sec. 335 of the Senate amendment)

C Rationalization of restrictions on distributions (sec. 1236 of the House bill and sec. 336 of the Senate amendment)

C Purchase of service credit under governmental pension plans (sec. 1237 of the House bill and sec. 337 of the Senate amendment)

C Employers may disregard rollovers for purposes of cash-out rules (sec. 1238 of the House bill and sec. 338 of the Senate amendment)

D. Pension Security and Enforcement

C Repeal of 150 percent of current liability full funding limit; extend maximum deduction rule (sec. 1241-1242 of the House bill and sec. 341 and 347 of the Senate amendment)

C Excise tax relief for sound pension funding (sec. 1243 of the House bill and sec. 343 of the Senate amendment)

E. Reducing Regulatory Burdens

C Modification of timing of plan valuations (sec. 1252 of the House bill and sec. 362 of the Senate amendment)

C ESOP dividend reinvestment (sec. 1255 of the House bill and sec. 364 of the Senate amendment)

C Employees of tax-exempt entities (sec. 1258 of the House bill and sec. 367 of the Senate amendment)

C Plan amendments (sec. 1260 of the House bill and sec. 371 of the Senate amendment)

C Repeal 100 percent of compensation limit for multiemployer plans (sec. 346(a) of the House bill and sec. 1264 of the Senate amendment)

XIII. MISCELLANEOUS PROVISIONS

C Modify excise tax on arrow components and accessories (sec. 1324 of the House bill and sec. 1109 of the Senate amendment)

C Increase Joint Committee on Taxation refund review threshold to \$2 million (sec. 1353 of the House bill and sec. 1110 of the Senate amendment)

XIV. EXPIRING TAX PROVISIONS

C Research and experimentation tax credit -- Increase the credit rate applicable under the alternative incremental research credit one percentage point per step (sec. 1401 of the House bill and sec. 1201 of the Senate amendment)

C Subpart F exceptions for active financing income (sec. 1402 of the House bill and sec. 1202 of the Senate amendment)

C Suspension of 100-percent net income limitation for oil and gas properties (sec. 1403 of the House bill and sec. 1203 of the Senate amendment)

amendment)

XV. REVENUE OFFSET PROVISIONS

- C Information reporting on cancellation of indebtedness (sec. 1501 of the House bill and sec. 1302 of the Senate amendment)
- C IRS user fees (sec. 1502 of the House bill and sec. 1304 of the Senate amendment)
- C Installment sales (sec. 1508 of the House bill and sec. 1313 of the Senate amendment)
- C Nonaccrual experience method of accounting (sec. 1509 of the House bill and sec. 1311 of the Senate amendment)
- C Charitable split-dollar insurance (sec. 1003 of the House bill and sec. 1315 of the Senate amendment)

XVI. TAX TECHNICAL CORRECTIONS

(secs. 1601-1605 of the House bill and secs. 504(c) and 1401-1405 of the Senate amendment)

SIMILAR PROVISIONS IN H.R. 2488, AS PASSED BY THE HOUSE AND THE SENATE⁴

II. SAVINGS AND INVESTMENT TAX RELIEF PROVISIONS

- C Tax treatment of income and losses on derivatives (sec. 205 of the House bill and sec. 1306 of the Senate amendment)

IV. EDUCATION TAX RELIEF PROVISIONS

- C Student loan interest deduction (secs. 112 and 406 of the House bill and sec.401 of the Senate amendment)
- C Eliminate tax on awards from certain scholarship programs (sec. 403 of the House bill and Senate amendment)

V. HEALTH CARE TAX RELIEF PROVISIONS

- C Above-the-line health insurance deduction (sec. 501 of the House bill and the Senate amendment)
- C Long-term care insurance provisions (sec. 502 of the House bill and the Senate amendment)
- C Vaccine excise tax provisions (sec. 506 of the House bill and sec. 504 of the Senate amendment)

VI. ESTATE AND GIFT TAX RELIEF PROVISIONS

- C Provisions relating to generation-skipping trusts (secs. 631-634 of the House bill and secs. 731-734 of the Senate amendment)

VII. DISTRESSED COMMUNITIES AND INDUSTRIES PROVISIONS

- C Increase the maximum dollar amount of reforestation expenditures eligible for amortization and credit (sec. 731 of the House bill)

⁴ Included in the similar provisions are certain pension reform provisions that were included in either the House or Senate version of H.R. 2488.

and sec. 1108 of the Senate amendment)

VIII. SMALL BUSINESS TAX RELIEF PROVISIONS

- C Accelerate 100-percent self-employed health insurance deduction (sec. 801 of the House bill and sec. 601 of the Senate amendment)

IX. INTERNATIONAL TAX RELIEF PROVISIONS

- C Apply look-through rules to dividends from noncontrolled section 902 corporations and separate basket excess credit carryovers (sec. 902 of the House bill and the Senate amendment)
- C Subpart F treatment of pipeline transportation income and income from transmission of high voltage electricity (secs. 903-904 of the House bill and the Senate amendment)
- C Repeal limitation on Foreign Sales Corporation tax benefits for defense products (sec. 906 of the House bill and sec. 908 of the Senate amendment)

XI. REAL ESTATE RELIEF PROVISIONS

- C Real Estate Investment Trust Provisions (secs. 1101-1106, 1111, 1121, 1131, 1141, and 1151 of the House bill and secs. 1021-1026, 1031, 1041, 1051, 1061, and 1071 of the Senate amendment)
- C Accelerate scheduled increases in tax-exempt private activity bond volume limits (sec. 1351 of the House bill and sec. 1081 of the Senate amendment)

XII. PENSION REFORM PROVISIONS

A. Expanding Coverage

- C Modification of top-heavy rules (sec. 1203 of the House bill and sec. 319 of the Senate amendment)

- C Section 457 plan coordination rules (sec. 1205 of the House bill)
- C Elimination of IRS user fees for requests regarding employer plans (sec. 1206 of the House bill and sec. 317 of the Senate amendment)
- C Definition of compensation for deduction purposes (sec. 1207 of the House bill)
- C Increase minimum benefits (sec. 1209 of the House bill)
- C Reduce PBGC premiums for new plans (secs. 315-316 of the Senate amendment)

B. Enhancing Fairness for Women

- C Modification of 401(k) hardship withdrawal safe harbor (sec. 324 of the Senate amendment)

D. Strengthening Pension Security and Enforcement

- C Notice of significant reduction in future benefit accruals (sec. 1245 of the House bill and sec. 344 of the Senate amendment)
- C Missing plan participants (sec. 342 of the Senate amendment)
- C Investment of employee contributions in section 401(k) plans (sec. 345 of the Senate amendment)

E. Reducing Regulatory Burdens

- C Periodic pension benefit statements (sec. 351 of the Senate amendment)
- C Notice and consent period regarding distributions (sec. 1255 of the House bill and sec. 365 of the Senate amendment)
- C Repeal of transition rule regarding definition of highly compensated employees (sec. 1256 of the House bill and sec. 366 of the Senate amendment)

- C Treatment of employer-provided retirement advice (sec. 1258 of the House bill and sec. 352 of the Senate amendment)
- C Model plans for small businesses (sec. 1260 of the House bill)
- C Reporting simplification (sec. 1261 of the House bill and sec. 370A of the Senate amendment)
- C Improvements to Employee Plans Compliance and Resolution System (sec. 1262 of the House bill)
- C Substantial owner benefits in terminated plans (sec. 363 of the Senate amendment)
- C Annual report dissemination (sec. 369 of the Senate amendment)
- C Employer-provided transit passes (sec. 370 of the Senate amendment)

XIII. MISCELLANEOUS PROVISIONS

- C Permit consolidation of life insurance and nonlife insurance companies (sec. 1315 of the House bill and sec. 1113 of the Senate amendment)
- C Tax treatment of Alaska Native Settlement Trusts (sec. 1352 of the House bill and sec. 1102 of the Senate amendment)

XIV. EXPIRING TAX PROVISIONS

- C Extension of Research and Experimentation Credit (sec. 1401 of the House bill and sec. 1201 of the Senate amendment)
- C Work Opportunity Tax Credit (sec. 1404 of the House bill and sec. 1204 of the Senate amendment)
- C Welfare to Work Tax Credit (sec. 1404 of the House bill and sec. 1204 of the Senate amendment)

XV. REVENUE OFFSET PROVISIONS

- C Impose limitation on prefunding of certain employee benefits (sec. 1503 of the House bill and sec. 1312 of the Senate amendment)
- C Increase elective withholding rate for nonperiodic distributions from deferred compensation plans (sec. 1504 of the House bill and sec. 1303 of the Senate amendment)
- C Prevent the conversion of ordinary income or short-term capital gains into income eligible for long-term capital gains (sec. 1506 of the House bill and sec. 1314 of the Senate amendment)
- C Treatment of excess pension assets used for retiree health benefits (sec. 1507 of the House bill and sec. 1305 of the Senate amendment)

**COMPARISON OF PRINCIPAL DIFFERENCES IN PROVISIONS IN H.R. 2488,
AS PASSED BY THE HOUSE AND THE SENATE
(OTHER THAN IDENTICAL AND SIMILAR PROVISIONS)**

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I. BROAD-BASED AND FAMILY TAX RELIEF | | |
| A. Broad Based Tax Relief (sec. 101 of the House bill and secs. 101-102 of the Senate amendment) | Reduce all individual income tax and AMT rates -- C 1.0% (2001-2003) C 2.5% (2004) C 5.0% (2005-2007) C 7.5% (2008) C 10.0% (2009) | C 15% individual income tax rate reduced to 14% (2001). C Increase width of 14% bracket C \$2,000/\$4,000 (2006) C \$2,500/\$5,000 (2007 and thereafter) (Senate floor amendment) |
| B. Marriage Penalty Relief (sec. 111 of the House bill and sec. 201 of the Senate amendment) | C Standard deduction for joint returns two times standard deduction for single taxpayers, phased in: 2001 - 1.778 2002 - 1.889 2003 & thereafter - 2.000 | C Same as House, phased in: 2001 - 1.671 2002 - 1.700 2003 - 1.727 2004 - 1.837 2005 - 1.951 2006 - 1.953 2007 - 1.973 2008 & thereafter - 2.000 (Senate floor amendment) C Married couple can elect to file single returns on combined form, effective 2005 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C. Marriage Penalty Relief for the Earned Income Credit (sec. 202 of the Senate amendment) | No provision | <ul style="list-style-type: none"> Ⓒ Beginning point of EIC phase out for joint returns increased by \$2,000, effective 2005 Ⓒ Index after 2005 |
| D. Individual AMT (secs. 121 and 302(b) of the House bill and secs. 206, 907, and 1139 of the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Phase out individual AMT by 2009 and allow individuals to use AMT credits to offset 90% of regular tax liability Ⓒ Repeal 90% limit on foreign tax credits under the AMT, effective taxable years after 2001 | <ul style="list-style-type: none"> Ⓒ Allow personal exemption in computing AMT above \$300 per exemption, effective after 2005 (Senate floor amendment) Ⓒ Same as House bill, but effective taxable years after 2004 |
| E. Increase and Expand the Dependent Care Tax Credit (sec. 204 of the Senate amendment) | No provision | <ul style="list-style-type: none"> Ⓒ Increase maximum credit from 30% to 40%; phase out begins at \$30,000 of AGI Ⓒ Index maximum expenses Ⓒ \$200/month deemed expenses for children under age 1 (Senate floor amendment) Ⓒ Effective - 2001 |
| F. Tax Credit for Employer-Provided Child Care Facilities (sec. 205 of the Senate amendment) | No provision | \$150,000 maximum credit for qualified child care (25% credit) and referral services (10% credit); effective - 2001 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| G. Expansion of Adoption Credit (sec. 210 of the Senate amendment) | No provision | <ul style="list-style-type: none"> Ⓒ \$10,000 credit for special needs adoption without regard to expenses Ⓒ Repeal sunset of adoption credit for non-special needs adoptions Ⓒ Effective after 2000 (Senate floor amendment) |
| II. SAVINGS AND INVESTMENT TAX RELIEF | | |
| A. Partial Exclusion of Interest and Dividends (sec. 201 of the House bill) | <ul style="list-style-type: none"> Ⓒ \$50/\$100 (2001-2002) Ⓒ \$100/\$200 (2003-2004) Ⓒ \$200/\$400 (2005 & thereafter) | No provision |
| B. Individual Capital Gains (sec. 202 of the House bill and sec. 207 of the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Reduce rates from 20%/10% to 15%/7.5% Ⓒ 25% rate on unrecaptured 1250 gain reduced to 20% Ⓒ Repeal 8%/18% rates on gain from property held more than 5 years Ⓒ Effective - July 1, 1999 | <ul style="list-style-type: none"> Ⓒ Deduction up to \$1,000 of net capital gain, effective 2006 Ⓒ Collectibles taxed at ordinary income rates (Senate floor amendment) |
| C. Capital Gains of Designated Settlement Funds (sec. 203 of the House bill) | Net capital gain of a designated settlement fund taxed at individual capital gains rates, effective taxable years beginning after December 31, 1999 | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| D. Suspend Five-Year Period for Exclusion of Gain on Sale of Principal Residence for Members of Uniformed Service and Foreign Service (sec. 204 of the House bill) | Suspends 5-year period indefinitely, effective date of enactment | No provision |
| E. Suspend Five-Year Period for Exclusion of Gain on Sale of Principal Residence for Employees Sent Overseas by Employer (sec. 204 of the House bill) | Suspends 5-year period for up to 5 years, effective date of enactment | No provision |
| F. Treatment of Worthless Stock of a Subsidiary (sec. 206 of the House bill) | Income from active business of insurance company or financial institution not passive income for determining eligibility for ordinary loss on worthlessness stock, effective for stock becoming worthless in taxable years beginning after December 31, 1999 | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>G. Individual Retirement Arrangements (sec. 113 of the House bill and secs. 301-305 of the Senate amendment)</p> | <p>C Increase Roth IRA conversion limit to \$160,000 for joint filers, effective 2000</p> | <p>C Increase Roth IRA conversion limit to \$1 million, effective 2003</p> <p>C Increase annual contribution limit for all IRAs by \$1,000/year, beginning in 2001 until it reaches \$5,000 in 2005; index thereafter</p> <p>C Increase AGI limitations on deductible IRAs by \$2,000/\$4,000 - 2008 \$2,500/\$5,000 - 2009 - 2010; index thereafter</p> <p>C Eliminate AGI limit for contributions to a Roth IRA, beginning in 2003 (Senate floor amendment)</p> <p>C Allow IRAs to invest in coins issued by a State or that are or were U.S. legal tender, beginning in 2000</p> <p>C Allow additional catch-up contributions for individuals over age 50, effective 2001</p> <p>C Allow qualified plans to include IRAs, effective 2000 (Senate floor amendment)</p> |
| <p>H. Creation of Individual Development Accounts (sec. 303 of the Senate amendment)</p> | <p>No provision</p> | <p>85% credit to financial institutions for matching contributions to IDAs up to \$300 maximum credit per year, effective for contributions after 2000 and before 2006</p> |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| III. BUSINESS INVESTMENT AND JOB CREATION | | |
| A. Corporate Capital Gains (sec. 301 of the House bill) | Alternative 30% rate on net capital gain if less than regular tax, effective after 2004 | No provision |
| B. Corporate Alternative Minimum Tax (sec. 302 of the House bill and secs. 907 and 1103 of the Senate amendment) | <p>Ⓒ Allow AMT credits to offset portion of tentative minimum tax:</p> <p>20% - 2005 30% - 2006 40% - 2007 50% - 2008</p> <p>After 2008, repeal corporate AMT and allow AMT credit to offset 90% regular tax liability</p> <p>Ⓒ Repeal 90% limit on foreign tax credits under the AMT, effective taxable years after 2001</p> | <p>Ⓒ 5-year old AMT credits allowed to offset 50% of excess of tentative minimum tax over regular tax, effective 2004</p> <p>Ⓒ Same as House bill, but effective taxable years after 2004</p> |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IV. EDUCATION TAX RELIEF | | |
| A. Expand Education Savings Accounts (sec. 401 of the House bill) | <ul style="list-style-type: none"> Ⓒ Increase contribution limit to \$2,000 Ⓒ Include K-12 expenses Ⓒ Special needs beneficiaries Ⓒ Contributions by corporations Ⓒ Contributions until April 15 Ⓒ Coordination with HOPE credit, LLC, and QSTPs Ⓒ Effective 2001 | No provision |
| B. Qualified State Tuition Plans (“QSTPs”) (sec. 402 of the House bill and the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Allow private plans, effective 2001 Ⓒ Exclusion from gross income for distributions (effective 2001 for State plans, 2004 for private plans) Ⓒ Coordination with HOPE and LLC and Education IRAs, effective 2001 | <ul style="list-style-type: none"> Ⓒ Same as House, effective 2000 Ⓒ Same as House, except effective 2000 for State plans Ⓒ Same as House, effective 2000 Ⓒ Renames section as “Collegiate Learning and Student Savings (CLASS) Act” (Senate floor amendment) |
| C. Employer-Provided Educational Assistance (sec. 404 of the Senate amendment) | No provision | <ul style="list-style-type: none"> Ⓒ Extend exclusion for employer-provided educational assistance through 2003 (Senate floor amendment) Ⓒ Extend exclusion to graduate courses, effective 2000-2003 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D. Liberalize Construction Bond Expenditure Rule for Governmental Public School Bonds (sec. 405 of the House bill) | Allows 4-year expenditure period for public school bonds in lieu of current 2-year period, effective 1/1/00 | No provision |
| E. Allow Issuance of Tax-Exempt Private Activity Bonds for Public Schools (sec. 406 of the Senate amendment) | No provision | Allows issuance of private activity bonds for public schools, subject to \$10/resident (\$5 million minimum) cap, effective 1/1/00 |
| F. Permit Limited Guarantees of Public School Construction Bonds by Federal Home Loan Banks (sec. 407 of the Senate amendment) | No provision | Allows Federal Home Loan Banks to guarantee up to \$500 million/year of public school bonds, effective on enactment of future authorizing legislation |
| G. Expansion of Deduction for Computer Donations to Schools (sec. 1124 of the Senate amendment) | No provision | Extends age of eligible computers from 2 to 3 years and permits donation of reacquired computers, effective taxable years ending after date of enactment (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|----------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| H. Credit for Computer Donations to Schools and Senior Centers (sec. 1125 of the Senate amendment) | No provision | <p>C 30% credit for donations to schools and senior centers (whether or not tax exempt); effective for 2 years beginning with taxable year beginning 1 year after after date of enactment</p> <p>C 50% credit for donations to schools and senior centers in empowerment zones, enterprise communities, and Indian reservations, effective for 3 years beginning with taxable years beginning after date of enactment</p> <p>(Senate floor amendment)</p> |
| I. Credit for Interest on Higher Education Loans (sec. 208 of the Senate amendment) | No provision | <p>C 100% credit for up to \$1,500 of interest paid on higher education loans for first 60 months interest paid</p> <p>C Phase out \$50,000-\$70,000 (single)/\$80,000-\$100,000 (joint)</p> <p>C Effective 2005</p> |
| J. Scholarships for Children of Employees (sec. 408 of the Senate amendment) | No provision | <p>\$2,000 exclusion for scholarships provided to children of employees, effective taxable years beginning after date of enactment</p> <p>(Senate floor amendment)</p> |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| K. Two-Percent Floor Not to Apply to Professional Development Expenses of Teachers (sec. 1123 of the Senate amendment) | No provision | <p>Ⓒ 2% floor on miscellaneous itemized deductions does not apply to qualified professional development expenses effective for taxable years beginning after 2000 and ending before 2005</p> <p>Ⓒ Deduction for \$125 for books, supplies, etc., effective for taxable years beginning after 2000 and ending before 2005</p> <p>(Senate floor amendment)</p> |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| V. HEALTH CARE TAX RELIEF PROVISIONS | | |
| A. Medical Savings Accounts (sec. 503 of the House bill) | <ul style="list-style-type: none"> C Make MSAs permanent and remove cap C Allow all employers to offer an MSA C Permit both employer and employee contributions C Allow MSAs to be offered in a cafeteria plan C Lower minimum deductible to \$1,000 (\$2,000 for family coverage) and allow contributions up to deductible C Effective after 2000 | No provision |
| B. Expand Human Clinical Trials Expenses Qualifying for Orphan Drug Tax Credit (sec. 505 of the House bill) | Effective after 1999 | No provision |
| C. Deduction for Prescription Drug Insurance (sec. 507 of the House bill) | Above-the-line deduction for prescription drug insurance for Medicare beneficiaries if certain Medicare and low-income assistance provisions are in effect. | No provision |
| D. Credit for Employee Health Insurance Expenses of Small Employers (sec. 609 of the Senate amendment) | No provision | 60% (70% for family coverage) credit for up to \$1,000 (\$1,715 for family coverage) of small employer health insurance expenses for low-wage employees, effective 2001 (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| VI. ESTATE AND GIFT TAX RELIEF PROVISIONS | | |
| A. Convert Unified Credit into Unified Exemption (sec. 621 of the House bill and sec. 702 of the Senate amendment) | Effective after 2000 | Effective after 2003 |
| B. Reduce Estate, Gift, and GST Tax Rates (sec. 611 of the House bill and sec. 701 of the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Repeal 5-percent bubble (which phases out the benefit of the graduated rates), effective after 2000 Ⓒ Reduce rates above 53 percent in 2001 Ⓒ Reduce rates above 50 percent in 2002 Ⓒ Reduce rates by 1 percent, 2003-2006 Ⓒ Reduce rates by 1.5 percent in 2007 Ⓒ Reduce rates by 2 percent in 2008 Ⓒ Repeal after 2008, with carryover basis regime | <ul style="list-style-type: none"> Ⓒ Same as House bill, but effective after 2003 Ⓒ Reduce rates above 53 percent in 2001 (Senate floor amendment) |
| C. Increase Unified Exemption (sec. 702 of the Senate amendment) | No provision | Increase unified exemption from \$1 million to \$1.5 million, effective after 2006. |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D. Expand Estate Tax Rule for Conservation Easements (sec. 711 of the Senate amendment) | No provision | <p>C Increase distance from national park or wilderness area from 25 to 50 miles, effective after 1999</p> <p>C Date for determining easement compliance is date of donation, effective after 1997</p> <p>C Increase distance from Urban National Forest from 10 to 25 miles, effective after 1999 (Senate floor amendment)</p> |
| E. Increase Gift Tax Annual Exclusion (sec. 721 of the Senate amendment) | No provision | Increase gift tax annual exclusion to \$20,000 in 2005 (Senate floor amendment) |
| F. Increase Maximum Family-Owned Business Deduction (sec. 608 of the Senate amendment) | No provision | Increase maximum deduction from \$675,000 to \$1.975 million, effective in 2001 (Senate floor amendment) |
| VII. DISTRESSED COMMUNITIES AND INDUSTRIES PROVISIONS | | |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| A. Renewal Community Provisions (secs. 701-706 of the House bill) | Allows HUD designation of 20 renewal communities: C zero-percent capital gains C family development accounts C commercial revitalization deduction C additional 179 expensing C brownfields C WOTC C effective 2001 through 2007 | No provision |
| B. Provide That Federal Production Payments to Farmers Are Taxable in Year Received (sec. 711 of the House bill) | Effective date of enactment | No provision |
| C. Temporary Extension of Suspension of Taxable Income Limit on Percentage Depletion (sec. 724 of the House bill) | Suspend 65 percent of taxable income limit for 6 years (through 2005) | No provision |
| D. Determination of Small Refiner Exception to Oil Depletion Deduction (sec. 725 of the House bill) | Effective after 1999 | No provision |
| E. Minimum Tax Relief for the Steel Industry (sec. 741 of the House bill) | Effective after 1998 | No provision |
| VIII. SMALL BUSINESS TAX RELIEF PROVISIONS | | |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. Farmer and Fishermen Income Averaging (sec. 604 of the Senate amendment) | No provision | <ul style="list-style-type: none"> C Coordinate farm income averaging with the AMT C Effective after 1999 C Extend to fishermen (Senate floor amendment) |
| B. Farm, Fish, and Ranch Risk Management (“FFARRM”) Accounts (sec. 605 of the Senate amendment) | No provision | <ul style="list-style-type: none"> C Effective after 2000 C Include fishermen (Senate floor amendment) |
| C. S Corporation Banks (sec. 606 of the Senate amendment) | No provision | <ul style="list-style-type: none"> C Interest and certain dividends of banks not treated as passive income C Director shares allowed C Effective taxable years after 1999 (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IX. INTERNATIONAL TAX RELIEF PROVISIONS | | |
| A. Allocate Interest Expense on Worldwide Basis (sec. 901 of the House bill and the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Worldwide affiliated group election includes greater than 50 percent owned (by vote or value) foreign corporations Ⓒ Annual subgroup elections available for worldwide group and present-law group Ⓒ Annual financial institution group elections available for worldwide group and present-law group Ⓒ Effective taxable years after 2001 | <ul style="list-style-type: none"> Ⓒ Worldwide affiliated group election includes greater than 80 percent owned (by vote and value) foreign corporations Ⓒ No subgroup elections Ⓒ One-time financial institution group election available only if worldwide group election made Ⓒ Effective taxable years after 2004 (Senate floor amendment) |
| B. Recharacterization of Overall Domestic Loss (sec. 905 of the House bill) | Effective losses incurred in taxable years after 2004 | No provision |
| C. Modify Treatment of RIC Dividends Paid to Foreign Persons (sec. 907 of the House bill) | Effective taxable years of RICs after 2004 | No provision |
| D. Repeal of Special Rules for Applying Foreign Tax Credit in Case of Foreign Oil and Gas Income (sec. 908 of the House bill) | Effective taxable years after 2004 | No provision |
| E. Study of Proper Treatment of European Union under Subpart F Same Country Exceptions (sec. 909 of the House bill) | Study due no later than 6 months after date of enactment | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------|
| F. Provide Waiver From Denial of Foreign Tax Credits (sec. 910 of the House bill) | Effective date of enactment | No provision |
| G. Increase Dollar Limitation on Section 911 Exclusion (sec. 912 of the House bill) | C Increase \$3,000/year (beginning in 2003) to \$95,000 C Index in 2008 | No provision |
| H. Exempt Certain Sales of Frequent-Flyer and Similar Reduced-Fare Air Transportation Rights From Aviation Excise Taxes (sec. 906 of the Senate amendment) | No provision | Effective 2005 (Senate floor amendment) |
| X. TAX-EXEMPT ORGANIZATION PROVISIONS | | |
| A. Conform Provisions Relating to Arbitrage Treatment to Reflect Proposed State Constitutional Amendments (sec. 1002 of the House bill) | Conforms Fund payout rules to state constitutional amendments, effective 1/1/00 | No provision |
| B. Allow Treasury to Grant Waivers from Sec. 4941 Self-Dealing Prohibitions (sec. 1004 of the House bill) | Effective for transactions occurring after DOE | No provision |
| C. Extend Declaratory Judgment Procedures to Non-501(c)(3) Tax-Exempt Organizations (sec. 1005 of the House bill) | Effective after DOE | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D. Simplify Lobbying Expenditure Limitations (sec. 803 of the Senate amendment) | No provision | Repeal separate expenditure limitation on grass roots lobbying, effective 2000 |
| E. Tax-Free Withdrawals From IRAs for Charitable Purposes (sec. 804 of the Senate amendment) | No provision | Effective taxable years beginning after 2000 |
| F. Charitable Contribution Deduction for Certain Expenses in Support of Native Alaskan Subsistence Whaling (sec. 806 of the Senate amendment) | No provision | Effective 2000 |
| G. Charitable Giving Provisions (secs. 807-809 of the Senate amendment) | No provision | <ul style="list-style-type: none"> Ⓒ Extend deadline for contributions to low-income schools to return filing date (effective 2000) Ⓒ \$50/\$100 non-itemizer deduction (for 2005 and 2006) (Senate floor amendment) Ⓒ Phased-in increase in AGI percentage limitations for individuals and corporations (effective 2000) |
| H. Modify Private Foundation Excess Business Holdings Rules for Publicly Traded Stock (sec. 810 of the Senate amendment) | No provision | Effective for foundations established by bequest of decedents dying after 2006 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I. Certain Costs of Private Foundation in Removing Hazardous Substances Treated as Qualifying Distribution (sec. 811 of the Senate amendment) | No provision | Permits distributable amount of private foundation to include costs of removing hazardous substances, effective date of enactment (for facilities transferred before December 11, 1980) (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| XI. REAL ESTATE TAX RELIEF PROVISIONS | | |
| A. Modify At-Risk Rules for Publicly Traded Nonrecourse Debt (sec. 1161 of the House bill) | Effective after 1999 | No provision |
| B. Qualified Lessee Construction Allowances Not Limited to Short-Term Leases for Certain Retailers (sec. 1171 of the House bill) | Effective after 1999 | No provision |
| C. Exclusion From Gross Income for Certain Contributions to the Capital of Certain Retailers (sec. 1172 of the House bill) | Effective after 1999 | No provision |
| D. Low-Income Housing Tax Credit (secs. 1333-1337 of the House bill and sec. 1001 of the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Increase per capita cap to \$1.75 (2000-2004), index thereafter Ⓒ Change stacking rules Ⓒ Change credit allocation rules | <ul style="list-style-type: none"> Ⓒ Increase per capita cap to \$1.75 (2001-2005), indexed beginning in 2006 (Senate floor amendment) Ⓒ Allow \$2 million small State minimum, beginning in 2001 Ⓒ Loosens definition of Federally subsidized building for purposes of Native American Housing Assistance (Senate floor amendment) |
| E. Tax Credit for Renovating Historic Homes (sec. 1011 of the Senate amendment) | No provision | 20% credit up to \$20,000; Effective after 1999 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| F. Treatment of Leasehold Improvements (sec. 1091 of the Senate amendment) | No provision | 15-year recovery period, effective after 2002 |
| XII. PENSION REFORM PROVISIONS | | |
| A. Expanding Coverage | | |
| 1. Increase contribution and benefit limits (sec. 1201 of the House bill and sec. 312 of the Senate amendment) | C Increase defined benefit plan limit to \$160,000; lower early retirement age to 62 and lower normal retirement age to 65 C Increase defined contribution dollar limit to \$40,000 C Increase compensation that can be taken into account to \$200,000 C Increase section 457 plan dollar limit to \$11,000 in 2001, \$12,000 in 2002, \$13,000 in 2003, \$14,000 in 2004, \$15,000 in 2005 and index thereafter | C No provision C No provision C No provision C Increase section 457 dollar limit to \$9,000 in 2001, \$10,000 in 2002, \$11,000 in 2003, \$12,000 in 2004 and index thereafter |
| 2. SAFE annuities and trusts (sec. 318 of the Senate amendment) | No provision | Adopts simplified plan called the SAFE. |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B. Enhancing Fairness for Women | | |
| 1. Catch-up contributions (sec. 1221 of the House bill and sec. 321 of the Senate amendment) | Increases dollar limit on deferrals under section 401(k) plans, section 403(b) plans, SIMPLE, and section 457 plans for individuals who have attained age 50 by \$1,000 each year in 2001 through 2005 until maximum catch-up is \$5,000; nondiscrimination rules apply. | Increases dollar limit on deferrals under section 401(k) plans, section 403(b) plans, SIMPLE, and section 457 plans, for individuals who have attained age 50 by 10% each year in 2001 through 2005, until maximum catch-up is 50% of dollar limit; no nondiscrimination rules apply |
| 2. Minimum distribution rules (secs. 1224 and 1239 of the House bill) | <ul style="list-style-type: none"> Ⓒ Conforms post-death rules to pre-death rules Ⓒ Reduces excise tax for failure to comply to 10% Ⓒ Directs Treasury to finalize and simplify regulations Ⓒ Conforms 457 plan rules to qualified plan rules Ⓒ Effective 2001 | No provision |
| E. Reducing Regulatory Burdens | | |
| 1. Nondiscrimination provisions (secs. 1251 and 1253 of the House bill and secs. 361 and 368 of the Senate amendment) | <ul style="list-style-type: none"> Ⓒ Repeal multiple use test Ⓒ Directs Treasury to revise regulations regarding use of facts and circumstances under nondiscrimination and line of business rules | <ul style="list-style-type: none"> Ⓒ No provision Ⓒ Directs Treasury to implement determination letter process regarding use of facts and circumstances under nondiscrimination and coverage rules Ⓒ Plans of international organizations not subject to nondiscrimination rules |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. Treatment of multiemployer plans under section 415 (sec. 346 of the Senate amendment) | C 100 percent of compensation defined benefit limit does not apply to multiemployer plans | C Same as House bill C Multiemployer plans not aggregated with other plans under section 415 except for defined benefit dollar limit C Governmental plan early retirement rules apply to multiemployer plans |
| 3. Increase section 415 early retirement limit for governmental, multiemployer and certain other plans (sec. 348 of the Senate amendment) | No provision | C Increase floor on reduction at age 55 from \$75,000 to 80% of defined benefit dollar limit C Effective after 1999 (Senate floor amendment) |
| XIII. MISCELLANEOUS PROVISIONS | | |
| A. Expand Employer Reporting on Annual Wage and Tax Statements (sec. 1303 of the House bill) | Effective after 1999 | No provision |
| B. Survivor Benefits of Public Safety Officers Killed in the Line of Duty (sec. 1304 of the House bill) | Effective payments after 1999 | No provision |
| C. Distributions From Publicly Traded Partnerships Treated as Qualifying Income of Regulated Investment Companies (secs. 1311-1312 of the House bill) | Taxable years after 2000 | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| D. Equalize the Tax Treatment of “Clean Fuel” Vehicles and Oversized Vehicles (sec. 1313 of the House bill) | Effective 1/1/2000 | No provision |
| E. Nuclear Decommissioning (sec. 1314 of the House bill) | <ul style="list-style-type: none"> Ⓒ Repeals cost of service requirement Ⓒ Allows deductibility of transfers to qualified fund Ⓒ Effective taxable years after 1999 | No provision |
| F. Consolidate Code Provisions Governing The Hazardous Substance Superfund and Leaking Underground Storage Tank Trust Fund (sec. 1321 of the House bill) | Consolidates Trust Fund provisions into a new Environmental Remediation Trust Fund, effective 10/1/99 | No provision |
| G. Repeal Diesel Fuel Tax on Railroads and General Fund Tax on Inland Waterway Barge Fuel (sec. 1322 of the House bill and sec. 1101 of the Senate amendment) | Repeals LUST and General Fund taxes on rail diesel fuel and General Fund tax on inland waterway barge fuels; LUST, effective 10/1/99; General Fund, effective 10/1/03 | Same as House bill, except all changes effective 10/1/00 |
| H. Repeal Excise Tax on Tackle Boxes (sec. 1323 of the House bill) | Repeals tax, effective 30 days after enactment | No provision |
| I. Entrepreneurial Equity Capital Formation (“SSBICS”) (secs. 1341-1347 of the House bill) | Increased exclusion and rollover benefits and pass-through treatment, after date of enactment. | No provision |
| J. Clarification of Depreciation Study (sec. 1354 of the House bill) | Clarify scope of depreciation study | No provision |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
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| K. Tax Court Provisions (secs. 1361-1363 of the House bill) | <ul style="list-style-type: none"> Ⓒ Authorizes Tax Court to charge a filing fee up to \$60 Ⓒ Makes Tax Court fee imposed on practitioners available to provide services to pro se taxpayers Ⓒ Makes principle of equitable recoupment available Ⓒ Effective date of enactment | No provision |
| L. Modify Distilled Spirits Tax Collection Rules (secs. 1371-1380 of the House bill) | Delays tax collection point to wholesale dealer transfer to retailer, imposes a 1.5% surtax on wholesalers | No provision |
| M. Simplify the Active Business Rules for Tax-Free Spin-Offs (sec. 1107 of the Senate amendment) | No provision | Simplifies rule by treating certain members of an affiliated group as 1 corporation |
| N. Expand Rural Airports Eligibility for Reduced Tax Rate (sec. 1111 of the Senate amendment) | No provision | Extends reduced tax rates to small airports not connected to larger airports by paved roads, effective in 2000 |
| O. Dividends Paid by Cooperatives (sec. 1112 of the Senate amendment) | No provision | Capital stock dividends do not reduce patronage dividends, effective taxable years after date of enactment |
| P. Modify Personal Holding Company “Lending or Finance Business” Exception (sec. 1113 of the Senate amendment) | No provision | Effective taxable years after 1999 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
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| Q. Tax Credit for Modifications to Inter-City Buses Required Under the Americans With Disabilities Act of 1990 (sec. 1115 of the Senate amendment) | No provision | Extend 50% credit in present law to inter-city buses, up to \$15,000/ bus, Effective 2000-2011 |
| R. Business Meals Deduction Provisions | | |
| 1. Restore 80-percent meals deduction (sec. 804 of the House bill) | Increases deduction 5% per year to 80%, effective taxable years after 2004 | No provision |
| 2. Increased deduction for business meals while operating under Department of Transportation hours of service limitations (sec. 1116 of the Senate amendment) | No provision | Accelerate 80% meals deduction for taxpayers subject to Department of Transportation hours of service limitations by one year (to 2007) |
| S. Allow Issuance of Tax-Exempt Private Activity Bonds for Highway Projects (sec. 1117 of the Senate amendment) | No provision | Allows up to \$15 billion of private activity tax-exempt bonds to be issued for 15 highway pilot projects (Senate floor amendment) |
| T. Provisions Relating to Tax Incentives for the District of Columbia | | |
| 1. Extend tax credit for first-time D.C. homebuyers (sec. 1118 of the Senate amendment) | No provision | One-year extension; increases phase-out for joint filers so that it is twice that of individuals |
| 2. Expand zero-percent capital gains rate for D.C. Zone assets (sec. 1119 of the Senate amendment) | No provision | Eliminates the 10-percent poverty rate limitation (so that it applies citywide) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| U. Establish a Seven-Year Recovery Period for Natural Gas Gathering Lines (sec. 1120 of the Senate amendment) | No provision | Effective after date of enactment |
| V. Reclassify Scheduled Flights on Small Seaplanes as Noncommercial Aviation (sec. 1121 of the Senate amendment) | No provision | Reclassifies small seaplane flights as non-commercial aviation, subject to full fuels tax, but exempt from ticket tax |
| W. Additional Miscellaneous Provisions | | |
| 1. Exemption from Federal income tax for amounts received by Holocaust victims and heirs (sec. 1122 of the Senate amendment) | No provision | Effective for amounts received before, on, or after date of enactment (Senate floor amendment) |
| 2. Medical innovation tax credit (sec. 1137 of the Senate amendment) | No provision | 40% credit for certain human clinical testing of any drug, biologic, or medical device, effective for taxable years beginning after 1998 (Senate floor amendment) |
| 3. Capital gain holding period for horses (sec. 812 of the Senate amendment) | No provision | Reduce capital gain holding period for horses from 2 years to 1 year, effective 2001 (Senate floor amendment) |
| 4. Disclosure of tax information for combined employment tax reporting (sec. 1131 of the Senate amendment) | No provision | Permit disclosure of taxpayer identity and signatures to facilitate combined Federal/State employment tax reporting (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Tax rates for trusts with disabled beneficiary (sec. 211 of the Senate amendment) | No provision | Apply single taxpayer rates to trusts for 1 beneficiary who is permanently and totally disabled, effective taxable years beginning after 2006 (Senate floor amendment) |
| 6. Taxation of flights on noncommercial aircraft (sec. 370 of the Senate amendment) | No provision | Provide exclusion for certain noncommercial air transportation provided to employees and certain other individuals, effective after 1999 (Senate floor amendment) |
| 7. Tax-exempt bonds for timber conservation organizations (sec. 1133 of the Senate amendment) | No provision | Liberalizes tax-exempt bond rules for section 501(c)(3) organizations engaged in timber conservation activities (Senate amendment) |
| 8. Exclusion for certain severance payments (sec. 1135 of the Senate amendment) | No provision | Exclude \$2,000 of severance pay, for 2001 only (Senate floor amendment) |
| 9. FUTA treatment of maple syrup workers (sec. 1132 of the Senate amendment) | No provision | Exclude maple syrup workers from FUTA tax, effective date of enactment (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| XIV. EXPIRING TAX PROVISIONS | | |
| A. Extend and Modify Wind and Closed-Loop Biomass Electricity Credit (sec. 1205 of the Senate amendment) | No provision | Extends current credit (7/1/99 - 6/30/04) and expands to include electricity produced from the following sources at facilities placed in service during the periods shown: <u>Poultry waste</u> -- (12/31/99 - 6/30/04) <u>Landfill gas</u> -- (12/31/99 - 6/30/04) <u>Open-loop biomass</u> -- (through 12/31/03, but no credits before 1/1/00 for existing facilities) |
| B. Alaska Exemption from Diesel Dyeing (sec. 1206 of the Senate amendment) | No provision | Permanent |
| C. Expensing of Environmental Remediation Expenditures (sec. 1207 of the Senate amendment) | No provision | 3-1/2 year extension (through June 30, 2004); include all of U.S., except Superfund sites |
| XV. REVENUE OFFSET PROVISIONS | | |
| A. Exclusion of Like-Kind Exchange Property from Nonrecognition Treatment on Sale of a Personal Residence (sec. 1510 of the House bill) | Effective sales or exchanges after date of enactment | No provision |
| B. Modify Foreign Tax Credit Carryover Rules (sec. 1301 of the Senate amendment) | No provision | Effective taxable years after 1999 |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| C. Modify Estimated Tax Rules for Closely Held REITS (sec. 1316 of the Senate amendment) | No provision | Effective estimated payments due on or after September 15, 1999 |
| D. Prohibited Allocations of Stock in an S Corporation ESOP (sec. 1317 of the Senate amendment) | No provision | Generally effective plan years beginning after 2000 |
| E. Modify Anti-Abuse Rules Relating to Assumption of Liabilities (sec. 1318 of the Senate amendment) | No provision | Effective assumptions after July 14, 1999 |
| F. Basis Allocation Rules for Intangibles in Certain Nonrecognition Transactions (sec. 1319 of the Senate amendment) | No provision | Effective transfers after date of enactment |
| G. Modify Treatment of Closely Held REITs (sec. 1505 of the House bill and sec. 1320 of the Senate amendment) | Effective taxable years ending after July 12, 1999 | Same as House, but effective for taxable years ending after July 14, 1999, with binding contract or SEC filing transition relief (Senate floor amendment) |
| H. Distributions by a Partnership to a Corporate Partner of Stock in Another Corporation (sec. 1321 of the Senate amendment) | No provision | Effective for distributions made after July 14, 1999 |
| XVI. TECHNICAL CORRECTIONS TO THE NATIONAL SUMMIT ON RETIREMENT SAVINGS | No provision | Add technical corrections to National Summit on Retirement Savings (Senate floor amendment) |

| ITEM | HOUSE BILL | SENATE AMENDMENT |
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| XVII. SENSE OF THE CONGRESS AND OTHER PROVISIONS | | |
| A. Sense of the Congress Regarding Empowerment Zones (sec. 1128 of the Senate amendment) | No provision | Sense of the Congress regarding need for additional Federal funding and tax incentives for empowerment zones and enterprise communities (Senate floor amendment) |
| B. Sense of the Senate Regarding Savings Incentives (sec. 1127 of the Senate amendment) | No provision | Sense of the Senate regarding need for savings incentives by providing partial exclusion for interest and dividends (Senate floor amendment) |
| C. Sense of the Congress Regarding Small Business Incentives (sec. 1129 of the Senate amendment) | No provision | Sense of the Congress regarding the need for additional expensing for small business (Senate floor amendment) |
| D. Direct Expenditure Block Grant (sec. 1126 of the Senate amendment) | No provision | Increase in mandatory spending for child care and development block grant (Senate floor amendment) |
| XVIII. COMMITMENT TO DEBT REDUCTION (sec. 1701 of the House bill) | Sense of the Congress that the public debt shall be reduced to a level below \$1.6 trillion by fiscal year 2009 | No provision |
| XIX. CONTINGENCY FOR RATE REDUCTIONS (sec. 101 of the House bill) | For years beginning after 2001, rate reductions apply only after the first debt reduction calendar year | No provision (Senate floor vote point of order) |

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|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| XX. EXCLUSION FROM PAYGO SCORECARD (sec. 1801 of the House bill) | OMB shall not make any estimate of direct spending outlays and receipts under sec. 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from enactment of the bill | No provision |
| XXI. COMPLIANCE WITH CONGRESSIONAL BUDGET ACT (sec. 1501 of the Senate amendment) | No provision | Sunsets bill after fiscal year 2009 |